

Message Text

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PAGE 01 BRUSSE 02278 052039Z

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FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC 6266

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CDR NATO SHAPE SPT GP BE

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E.O. 11652: N/A

TAGS: MORG, CFED, BE

SUBJECT: TAX DIFFICULTIES WITH BELGIAN GOVERNMENT

REF: 75 BRUSSELS 10702

SUMMARY: BELGIAN GOVERNMENT AGAIN REFUSES TO ACCEPT
US POSITION ON TVA FOR CERTAIN SHAPE-LEASED QUARTERS.
END SUMMARY.

1. EMBASSY HAS RECEIVED FOLLOWING NOTE FROM FOREIGN
MINISTRY, DATED MARCH 2, 1976 (EMBASSY TRANSLATION):

" FOREIGN MINISTRY PRESENTS ITS COMPLIMENTS TO
US EMBASSY AND HAS HONOR TO ACKNOWLEDGE RECEIPT OF
EMBASSY'S NOTE NO. 4 OF JAN. 19, 1976 ATTEMPTING TO
OBTAIN THE EXONERATION FROM TVA FOR CERTAIN SERVICES
FOR SOME APARTMENT OCCUPIED BY AMERICAN MILITARY.
(FYI: NOTE REFERRED TO WAS ONE OF OUR MORE RECENT

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PAGE 02 BRUSSE 02278 052039Z

ATTEMPTS TO PROMPT BELGIAN REPLY TO OUR PREVIOUS

REPRESENTATIONS. END FYI.)

" THE BELGIAN GOVERNMENT DID NOT FAIL TO REEXAMINE ITS POSITION IN LIGHT OF THE DISCUSSIONS WHICH TOOK PLACE ON JULY 11, 1975, AS WELL AS DUE TO THE FOLLOWUP LETTER OF SEPTEMBER 3, 1975.

" AT THE TIME OF THESE DISCUSSIONS THE AMERICAN DELEGATION NOTED THAT A CERTAIN NUMBER OF LODGINGS IN BELGIUM HAD BEEN RENTED BY THE USG AND THAT, AS ARE THE RENTS, THE DUTIES AND TAXES APPLIED TO THE PROVISION OF GOODS AND SERVICES FOR THESE LODGINGS WERE PAID BY THE US TREASURY. CONSIDERING THAT THE AFOREMENTIONED SERVICES PERTAINED TO THE COMMON DEFENSE EFFORT, IT CLAIMED EXEMPTION FROM THESE DUTIES AND TAXES ON THE BASIS OF THE BELGO-AMERICAN MEMORANDUM OF MARCH 18 AND APRIL 7, 1952.

" IT IS CLEAR THAT THE ARRANGEMENTS OF A FISCAL NATURE WHICH ARE THE OBJECT OF THE SAID MEMORANDUM AND THE EXEMPTIONS WHICH IT FORESEES ARE STRICTLY INTERPRETED AND THAT THE THRUST OF THE PROVISIONS OF THIS DOCUMENT MUST BE ELABORATED, BEARING IN MIND THE PRINCIPLES WHICH WERE PRESENT WHEN IT WAS ELABORATED AND WHICH PROVIDE ITS REASON FOR BEING.

" THIS MEMORANDUM STIPULATES EXPLICITLY IN ITS FIRST LINE THAT IT CONCERNS THE "EXPENDITURES MADE IN BELGIUM BY THE USG FOR EQUIPMENT, MATERIEL, INSTALLATIONS AND SERVICES IN VIEW OF THE COMMON DEFENSE EFFORT." NOW THE BELGIAN GOVERNMENT NOTES THAT THE RENTING OF LODGINGS IN BELGIUM BY THE USG FOR CERTAIN OF ITS OFFICERS COMES FROM AN OPTION WHICH THAT GOVERNMENT HAS TAKEN IN ITS OWN INTEREST. THE CLARIFICATIONS FURNISHED BY THE EMBASSY SHOW, IN EFFECT, THAT THE USG JUDGED IN 1967 THAT THE RENTING OF LODGINGS IN BELGIUM WOULD IN CERTAIN CASES BE PREFERABLE TO THE GRANTING OF HOUSING ALLOWANCES, I. E. " ADVANTAGEOUS TO THE GOVERNMENT". IF THE USG NOW CONSIDERS THAT THAT IS NO LONGER THE CASE, IT WOULD BE FREE TO END SUCH RENTALS. THE REQUEST OF THE EMBASSY UNCLASSIFIED

UNCLASSIFIED

PAGE 03 BRUSSE 02278 052039Z

WOULD BECOME THENCEFORTH MOOT AND IT IS EVIDENT THAT THE COMMON DEFENSE EFFORT WOULD NOT SUFFER THEREFROM.

" IN THE LIGHT OF THESE CONSIDERATIONS, THE NEW EXAMINATION OF THE REQUEST MADE IN THE EMBASSY'S NOTE NO. 23 OF MAY 12, 1975, DID NOT RESULT IN CONCLUSIONS OF A NATURE SUCH AS TO MODIFY IN SUBSTANCE THE TERMS OF THE NOTE IN REPLY NO. 4431 OF JUNE 25, 1975.

" COMPLIMENTARY CLOSE."

2. FOREIGN MINISTRY ACTION OFFICER CONFIRMED TO US
ORALLY THAT BELGIAN GOVERNMENT CONSIDERED 1952 TAX
RELIEF AGREEMENT TO BE STILL IN FORCE, DESPITE PREVIOUS
COMMENTS FROM SOME BELGIAN MINISTRIES TO THE
CONTRARY. BELGIAN GOVERNMENT'S POSITION IS SIMPLY
THAT IT DOES NOT APPLY TO THIS CASE.
RENNER

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